



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX
75 Hawthorne Street
San Francisco, CA 94105
Phone: (415) 972-3000
<http://www.epa.gov/region9>

OCT 27 2016

CERTIFIED MAIL: 7015 0640 0001 1118 2162
RETURN RECEIPT REQUESTED

Tracy Glende
Chief Executive Officer
Valence Surface Technologies
1790 Hughes Landing Blvd., Ste. 300
The Woodlands, TX 77380

Re: Notice of Intent to File an Administrative Complaint against Valence Coast Plating, Inc. for Resource Conservation and Recovery Act Violations

Dear Mr. Glende:

The United States Environmental Protection Agency (EPA), Region IX, intends to bring an administrative enforcement action against Valence Coast Plating, Inc. (Coast Plating), for violations of the Resource Conservation and Recovery Act (RCRA), as amended, 42 U.S.C. §§ 6921 – 6939e, at its metal finishing facility located at 128 W. 154th Street, in Gardena, California (the Facility). EPA is contacting you to determine if Coast Plating would like to discuss a settlement of this matter before EPA files an administrative complaint seeking compliance and an assessment of civil penalties pursuant to Section 3008(a)(1) of RCRA, as amended, 42 U.S.C. § 6928(a)(1), and the procedures set forth at 40 CFR Part 22.

As you know, EPA inspected the Facility's hazardous waste management activities on March 30, 2016. EPA found five violations of the RCRA Hazardous Waste Management requirements and implementing regulations, the California Code of Regulations (CCR), Title 22, Division 4.5, and the California Health and Safety Code, Division 20, as specified below. Under Section 3006 of RCRA, 42 U.S.C. § 6926, the violations of the State of California's authorized RCRA Hazardous Waste Management Program identified below are federally enforceable.

The allegations against Coast Plating are:

1. Failure to date and label hazardous waste containers in violation of 22 CCR §§ 66262.34(f)(1) – 66262.34(f)(3) [40 CFR §§ 262.34(a)(2) and 262.34(a)(3)];
2. Failure to maintain required training records and documents in violation of 22 CCR §§ 66262.34(a)(4) and 66265.16(d)(1) – 66265.16(d)(4) [40 CFR §§ 262.34(a)(4) and 265.16(d)(1) – 265.16(d)(4)];
3. Failure to maintain and operate a facility to minimize releases in violation of 22 CCR §§

66262.34(a)(4) and 66265.31 [40 CFR §§ 262.34(a)(4) and 265.31];

4. Failure to close hazardous waste containers in violation of 22 CCR §§ 66262.34(a)(1)(A) and 66265.173(a) [40 CFR §§ 262.34(a)(1)(i) and 265.173(a)]; and
5. Storage of hazardous waste without a permit in violation of 22 CCR § 66270.1(c) [40 CFR § 270.1(c)].

EPA has determined that an administrative penalty is appropriate in this case. The violations alleged are subject to penalties of up to \$70,117 per day per violation. Section 3008(g) of RCRA, 42 U.S.C. § 6928(g), as adjusted by the "Civil Monetary Penalty Inflation Adjustment Rule" (81 Fed. Reg. 43091 (July 1, 2016)) authorizes a civil penalty of up to \$70,117 per day per violation for violations occurring after November 2, 2015.

EPA wishes to extend to you the opportunity to settle this matter. Any penalty discussed in settlement negotiations for violations of RCRA and its implementing regulations will be calculated pursuant to EPA's "RCRA Civil Penalty Policy." A copy of the "RCRA Civil Penalty Policy" is enclosed. Also enclosed is a copy of EPA's "2015 Update to the 1998 U.S. Environmental Protection Agency Supplemental Environmental Projects Policy (2015 SEP Update)." EPA's SEP Policy describes the terms under which a commitment to perform an environmental project may mitigate, in part, an EPA civil penalty. Please note that EPA seeks a quick resolution to this matter and accordingly, the offer for settlement is a limited time opportunity.

If you are a Securities and Exchange Commission ("SEC") registrant, you have a duty to disclose the existence of pending or known to be contemplated environmental legal proceedings that meet the criteria set forth in Item 103 of Regulation S-K. See 17 C.F.R. 229.103(5)(A)-(C). You should seek competent legal counsel to determine the applicability of these SEC requirements to your company. If you have any questions about the SEC's environmental disclosure requirements, please contact the Office of Chief Counsel in the SEC's Division of Corporation Finance at (202) 551-3500.

EPA regulations governing confidentiality of business information are set forth in 40 CFR Part 2, Subpart B. If you believe that any portion of your response to this Notice of Intent to File is entitled to confidential treatment, please identify any such information in your response and assert a confidentiality claim in accordance with 40 CFR § 2.203(b). If the EPA determines that the information over which you assert a claim meets the criteria set forth in 40 CFR § 2.208, the information will be disclosed only to the extent, and by means of the procedures specified in 40 CFR Part 2, Subpart B.

EPA anticipates filing a Complaint, Compliance Order and Notice of Right to Request a Hearing (hereinafter "Complaint") against Coast Plating **within the next forty-five (45) calendar days** unless Coast Plating would like to discuss settlement. If you are interested in commencing settlement negotiations, please contact Mr. Christopher Rollins of my staff at (415) 947-4166, or have your counsel contact Mr. Desean Garnett in our Office of Regional Counsel at (415) 972-3046, as soon as possible to schedule a meeting or conference call. Should Coast Plating fail to contact EPA within forty-five (45) calendar days of receiving this letter, or not agree to discuss a proposed settlement, EPA will proceed with filing an administrative complaint in this matter.

By copy of this letter, EPA is providing the State of California with notice of the referenced violations of Subtitle C of RCRA and the California hazardous waste management program.

We appreciate your cooperation and prompt attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. McDaniel', with a long horizontal flourish extending to the right.

Douglas K. McDaniel
Chief, Waste and Chemical Section
Enforcement Division

cc: Without enclosures

Diana Peebler, DTSC; dpeebler@dtsc.ca.gov
Ruben Garcia, LA County Fire; ruben.garcia@fire.lacounty.gov
John Merritt, Coast Plating; jmerritt@coastplating.com
Chris Urtnowski, Coast Plating; chris.urnowski@valencest.com

Enclosures

RCRA Civil Penalty Policy
2015 SEP Update

